

Notice No.: 99-004

Date: July 25, 1999

Applies to: All Employers

Subject: Summary of 1999 Legislation

We are providing this summary to inform you of legislation passed during the 1999 session that may impact you or your employees. This information does not offer legal interpretations or detailed instructions for bill implementation. You will receive additional information by September 1999 if the legislation requires changes in your reporting to the Department of Retirement Systems (DRS) or your processing of retirement information. The bills are listed in order of potential impact on you and your employees.

SHB 1024—TRS Plan 1 and PERS Plan 1 members have option for refund of contributions after 30 years of service

Applies to: Public Employees' Retirement System (PERS) Plan 1 and Teachers' Retirement System (TRS) Plan 1 members

Summary: PERS Plan 1 and TRS Plan 1 members with at least 30 years of service may make an irrevocable election to receive, at retirement, a refund of member contributions made after 30 years of service, plus interest at 7.5 percent.

Members who choose this option will receive a monthly benefit based on their highest two years of compensation earned prior to making this election. Any eligible cash-outs of leave at retirement will be included in the compensation used to calculate the retirement allowance.

To qualify for the refund, a member must either:

- Submit a written election within six months of attaining 30 years of service; or

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- Submit written election by December 31, 1999, if the member already has 30 years or more of service accumulated as of July 25, 1999.

The election will not be retroactive. The refund will apply only to future contributions received after the written election. Beginning in early July 1999, notices of qualification and an explanation will be sent to the employers for distribution to eligible members.

This bill also adds a new section to PERS Plan 1 law. A retiree who is receiving state-funded long-term care will not be eligible for a benefit “pop-up” if the increase makes the retiree ineligible for the long term care services.

HB 1023—TRS Plan 3 Gain Sharing Expanded

Applies to: TRS Plan 2 members who transferred to TRS Plan 3

Summary: TRS Plan 2 members who transferred to TRS Plan 3 on or after September 1, 1997, and before February 1, 1998, and meet the requirements passed in the original gain sharing law are eligible to receive the July 1998 gain sharing payment.

The payment is based on a member’s total service credit as of August 31, 1997. The payment was credited to eligible TRS Plan 3 defined contribution accounts by July 1, 1999, and will appear on member’s second quarter shares statement. We notified all qualifying members by mail in early July 1999.

HB 1761—Retired teachers and principals can extend service as substitute teachers or principals

Applies to: TRS Plan 1 retired teachers and principals

Summary: A TRS Plan1 retired teacher may now work longer as an on-call substitute teacher without reduction of pension benefits. In addition to the 525 hours already allowed for substitute teaching, extended on-call substitute hours were increased from 105 hours to 315 hours per school year. The substitute teaching must occur in a school district that has filed a resolution stating the services of retired teachers are required due to a shortage of qualified substitutes. The resolution is valid only for the school year in which it is adopted.

Similarly, the bill raises the number of hours in a year a retired principal may serve as a substitute principal without reduction of pension benefits. The total additional service a substitute principal can work is raised from 105 hours per year to 315 hours. Other administrative positions remain at the additional 105 hours limit with a resolution. A second notice with additional information will be mailed to the school districts regarding this bill in July 1999.

SB 5986—Death benefits under LEOFF Plan 1 clarified

Applies to: Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1

Summary: The legislature clarified its intent that LEOFF Plan 1 survivor benefits are in the nature of workers' compensation in the event of:

- A member's duty-connected death, or
- A member's death while on duty-connected disability leave or retired for duty-connected disability.

The legislature established a separate section in LEOFF Plan 1 law for survivor benefits resulting from non-duty connected causes.

SB 5987—LEOFF Plan 2 disability rules changed

Applies to: LEOFF Plan 2 members

Summary: LEOFF Plan 2 members whose disability retirement allowance is canceled, who are not eligible for service retirement, and who do not return to service will now be paid the excess, if any, of their accumulated contributions at the time of retirement. Payments received during the period of disability will be deducted from accumulated contributions. This refund provision applies to anyone who retired for disability on or after February 1, 1990.

SSB 5030—State Patrol minimum benefit and survivor benefit increased

Applies to: Washington State Patrol Retirement System (WSPRS) members

Summary: This bill enhances WSPRS benefits as follows:

- Provides an annual increase in the WSPRS minimum retirement benefit amount. It will increase in July 1999, by 77 cents per month for each year of service. This annual increase amount will be raised by three percent per year and applied to the minimum thereafter.
- Provides surviving spouses with a cost-of-living adjustment (COLA) on their benefits. On July 1, 1999, and annually thereafter, the surviving spouse's monthly benefit will increase by the "Uniform COLA." To be eligible, a surviving spouse must be at least age 66 by July 1 of the year in which the increase is paid.
- By July 1, 2000, WSPRS members will be able to choose a joint and 100 percent survivor benefit option in lieu of current survivor benefits. Members who select this option will receive an actuarially reduced benefit.

SSB 5029—PERS members allowed to remain in employer defined contribution pension plans

Applies to: All PERS members

Summary: Employees can participate in employer-operated defined contribution pension plans qualified under section 401 of the Internal Revenue Code at the same time they are PERS members.

The law also requires that if a unit of government becomes a PERS employer, it must include all eligible employees in PERS, and the employer may not thereafter withdraw from PERS membership.

HB 1654—Definition of “veteran” altered

Applies to: PERS Plan 1 members

Summary: PERS Plan 1 members who performed non-interruptive military service are often eligible to receive retirement service credit for their military service if they meet the definition of “veteran” under state law. Among those classified as “veterans” are certain merchant mariners and civil service crewmembers. The new state definition of “veteran” changes the period of service as being service performed between December 7, 1941, and December 31, 1946.

SB 5837—PERS membership optional for the chief administrative officer of a public utility district, port district or a county

Applies to: PERS employers

Summary: Effective July 25, 1999, PERS membership is optional for the chief administrative officer (CAO) of a public utility district (PUD), port district or county. Such persons shall have the option of applying for membership within thirty days from the date of their appointment to such positions. Current CAOs will also have the option of terminating their membership in PERS if they notify the Director of DRS, in writing, prior to December 31, 1999. If membership is terminated, contributions will not be refunded until the individual separates from employment, in accordance with Internal Revenue Code.

SB 6012—State Investment Board (SIB) will set monthly unit valuations

Applies to: All Plan 3 members

Summary: This new law specifies that the SIB will declare a monthly unit value for the Total Allocation Portfolio (TAP) investment option for Plan 3 members. This has been the valuation practice for TAP since the inception of Plan 3. The legislation clarifies the valuation practice and does not hold the SIB or DRS liable for any loss or deficiency because of the valuations.

SB 5432—Deductions from retirement allowances for charitable purposes authorized

Applies to: All PERS retirees

Summary: PERS retirees may designate an amount to be deducted from their monthly retirement benefit for payment to the United Fund on the same terms as active employees and public officers.

John Charles
Director

1999 DRS Notices

For a copy of a Notice, call (360) 664-7170 or 1-800-547-6657, or
access on the DRS Web site at <http://www.wa.gov/DRS/employer>.

Notice No.	Applies to/ Subject Matter
99-001	PERS, LEOFF, WSPRS and JRS Employers Members' Annual Statements and Sequencing Information
99-002	All Employers DRS is Moving to a New Location in January
99-003	All Employers Contribution Rate Changes
99-004	All Employers Summary of 1999 Legislation